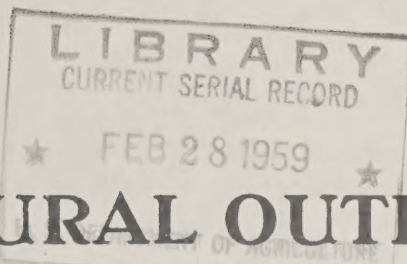


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D.C.



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Business activity was at near record levels as the fall season got under way.

Consumer income continued to increase this summer and the August annual rate was about 5% above a year earlier. Retail Sales also have continued to gain and in August were 7% above the same month of 1956. About half the increase represented a greater volume of goods purchased...the other half was due to higher prices.

Prices at wholesale and retail continued upward this summer. Both Indexes in August were about 3% above a year earlier and at new highs. Prices received by farmers, after increasing each month from February to August, declined slightly by mid-September, mainly because of reductions in meat animals and vegetables.

Further seasonal declines are likely in livestock prices this fall, but prices of cattle, milk and eggs are expected to hold above a year earlier.

LIVESTOCK. Market supplies of fed cattle this fall are about as large as in the fall of 1956. Prices in early October averaged below a year earlier but are expected to hold up better than last year when they declined sharply. Grass cattle supplies are smaller than last fall. Demand for feeders continues strong and no more than a moderate seasonal price decline is expected.

Hog prices are expected to decline seasonally the rest of this year. Winter prices close to last winter are in prospect.

DAIRY. Prices of milk and butterfat are likely to continue a little above last year the rest of 1957. Cash receipts from dairying also are up since production is staying a little ahead of last year. Output is being stimulated by above average dairy-product-feed price relationships and generally good pastures.

EGGS AND POULTRY. Egg production probably has passed its seasonal low but increase will be slower than last year because of fewer layers. Seasonal decline in prices probably will be less than usual and prices are likely to remain above a year earlier.

Supplies of broilers are declining but demand also is weakening seasonally. Prices are likely to continue near levels of recent weeks.

SOYBEANS. Farmers' prices are likely to average near support during most of the harvest period. Price level later will be influenced by outturn of foreign oil crop harvests for which estimates will not be available until later.

PEANUTS. Supply for 1957-58 is the largest since 1950. About a fifth of the crop is likely to be acquired by CCC under the support program. Prices for the year are expected to average at about the support level.

FEED. Prices for feed grains probably will continue below last year's levels this fall and winter. Production is a near record, carryover a record, and supply of by-product feeds is again large. Total feed concentrate supply for 1957-58 feeding season is at a new peak, both in total and per animal.

WHEAT. Cash prices have recovered part of the losses of mid-September but are still below the highest levels reached so far this marketing year.

FRUIT. Shipments of 1957-58 grapefruit and oranges have started but have not yet reached heavy volume. Movement of fresh cranberries also is under way from a crop 5% larger than last year's.

Fall and winter varieties of apples--usually about 95% of the total crop--were marketed in increasing volume in September. With the crop up from 1956, grower prices at most shipping points in September averaged somewhat under a year earlier.

VEGETABLES. Higher prices for fresh market vegetables are likely this fall than last. Production is down and demand continues strong.

Production of vegetables for processing is substantially below 1956 but stocks are much larger. Supplies will be a little smaller to mid-1958 than a year earlier but well above average.

Supplies of potatoes this fall and winter will be down significantly from the high level of a year earlier. Production this fall is expected to be somewhat smaller, marketing agreements and orders will restrict sales in 8 important producing States, and USDA again has a diversion program in effect. The smaller supply is expected to sell at prices substantially above the low levels of a year earlier.

Supplies of sweetpotatoes this winter and spring are expected to be down from a year earlier and prices to growers are likely to be higher.

COTTON. CCC had sold about 3.7 million bales for export this season by September 17 compared with 3.8 a year earlier. However, this season's total export is expected to fall to between 5 and 6 million bales compared with 7.6 million in 1956-57. Drop is expected because foreign countries are not likely to increase their stocks as they did during 1956-57.

TOBACCO. Production totals well below 1956 and the smallest since 1943, but stocks of most kinds are large. Supplies for 1957-58 will be only moderately lower than for 1956-57.

Trend in cigarette consumption over the next several months is uncertain. If the January-July rate holds for the rest of 1957, year's total would reach a new record. Because of recent publicity linking cigarettes and health, some decline in consumption may occur. But earlier experience suggests sharp drop is unlikely.

Although cigarette production increased in 1956-57, combined use of flue-cured and burley tobacco declined. Manufacturers are getting more cigarettes per pound of tobacco than formerly.

Exports of unmanufactured tobacco in 1957-58 are expected to be lower than 1956-57 unless importers buy substantial amounts of old-crop tobacco. Main reason for expecting a drop is small 1957 flue-cured crop and the record prices of many grades desired by foreign buyers.